

Message Text

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PAGE 01 MANILA 05629 140812Z

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ACTION EA-13

INFO OCT-01 ISO-00 L-02 EB-03 SS-14 INR-10 SP-02 RSC-01

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R 140410Z MAY 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3434

S E C R E T MANILA 5629

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E.O. 11652: GDS

TAGS: EGEN, PFOR, RP

SUBJECT: EEOONOMIC NEGOTIATIONS

REF: STATE 099107

FOR HUMMEL AND ALDRICH

1. DURING CALL WHICH VISITING GOODYEAR BOARD CHAIRMAN MADE ON PRESIDENT MARCOS MAY 13, MARCOS SAID HE WOULD ISSUE STATEMENT "LATER THIS WEEK" FREEZING STATUS OF LAND TITLES ACQUIRED UNDER LAUREL-LANGLEY REGIME FOR ONE YEAR. HE ALSO SAID HE WOULD ISSUE DECREES ON RETAIL TRADE, ANTI-DUMMY, AND LEASING ARRANGEMENTS.

2. THIS WORD WAS IMMEDIATELY REPORTED BACK TO AMERICAN BUSINESS COMMUNITY AND, AT RECEPTION GIVEN BY GOODYEAR EVENING MAY 13, RECEIVED CONSIDERABLE ACCELERATION. BOTH SECRETARY OF FINANCE VIRATA AND SECRETARY OF INDUSTRY PATERNO, WHO ATTENDED RECEPTION, WERE SOMEWHAT PERPLEXED BECAUSE MEETINGG CABINET COMMITTEE CONSIDERING THESE MATTERS HAS BEEN SCHEDULED FOR MORNING MAY 14, FOLLOWING ROMULO RETURN FROM JAKARTA. HOWEVER, IT APPEARS THAT MARCOS HAS CLEARED HIS INTENTIONS WITH JUSTICE SECRETARY ABAD-SANTOS, WHO WAS
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PRINCIPAL EARLIER OBSTRUCTOR TO THESE MOVES.

3. THESE INDICATIONS OF MOVEMENT ON PHILIPPINE SIDE ARE WELCOME AND ARE THE RESULT OF THEIR EXPECTATIONS THAT WE ARE PREPARED TO MOVE EXPEDITIOUSLY ON TREATY AND AGREEMENT WHICH WILL SATISFY PHILIPPINE INTERESTS. I AM, THEREFORE, GRATIFIED THAT YOU ARE STILL AIMING FOR ADWQUATE INSTRUCTIONS WHICH WILL ENABLE A TEAM TO BE HERE IN MANILA EARLY JUNE AT LATEST.

4. I AM DISAPPOINTED, HOWEVER, FROM YOUR REPORT OF MAY 10 MEETING THAT COMMERCE AND AGRICULTURE HAVE RAISED ESSENTIALLY IRRELEVANT ISSUES. AS FAR AS COMMERCE IS CONCERNED, I AM SURE YOU WILL MAKE CLEAR THAT OUR PREFERRED COURSE OF ACTION IS TO ISSUE THE TARIFF AGREEMENT AS PROCLAMATION UNDER TRADE REFORM ACT. WE WOULD SEEK OTHER LEGISLATIVE RECOURSE ONLY RPT ONLY IF CONGRESS FAILS PASS TRA OR PRESIDENT VETOES SAME. IF YOU CONTINUE TO HAVE TROUBLE WITH COMMERCE, I THINK BILL EBERLE WOULD BE USEFUL ALLY. HE CAN HELP MAKE CASE THAT PHILIPPINES IS SUI GENERIS AND DOES NOT ESTABLISH DERMGATORY PRECEDENT.

5. AS FOR AGRICULTURE, I HOPE YOU CAN MAKE CLEAR TO THEM THAT PHIL TARIFFS ON AGRICULTURAL PRODUCTS ARE APPLIED ON NON-DISCRIMINATORY BASIS FOR REVENUE PURPOSES, AT THE SPECIFIC SUGGESTION OF THE IMF. ANY REMOVAL OR REDUCTION WOULD ALSO BE NON-DISCRIMINATORY AND WOULD BE APPLIED TO ALL COMPETITIVE AGRICULTURAL SOURCES. SECRETARY BUTZ AND FAS DIRECTOR HUME UNDERSTOOD THIS PERFECTLY DURING THEIR VISIT HERE. I WOULD BE PREPARED SEND CABLE TO EITHER OR BOTH OF THEM IF AND WHEN YOU CONSIDER IT USEFUL.

6. IN THIS REGARD, WE HAVE RECEIVED MAY 3 DRAFT AND ARE GENERALLY PLEASED BY ITS TERMS. HOWEVER, WE ARE PUZZLED BY INCLUSION OF SCHEDULE I FOR PHIL TARIFFS, SINCE I HAD ASSUMED THAT RECIPROCAL ASPECT OF AGREEMENT WAS TO BE ELIMINATED. WAS THIS CLERICAL OVERSIGHT OR DOES IT REFLECT CHANGE OF VIEWS FROM OUR LAST DISCUSSIONS?

7. MANY THANKS FOR AUTHORITATIVE WORD ON CUBAN RATES. WE WILL CONVEY THIS TO VIRATA. IN MEANTIME, I SHALL EXPECT TO
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SEE MARCOS AGAIN AFTER HE COMPLETES CONSULTATIONS WITH HIS CABINET COMMITTEE. I HOPE YOS CAN DO USEFUL SPADEWORK WITH DISSIDENT ELEMENTS OF BUREAUCRACY PRIOR MAY 17 MEETING IN ORDER PRODUCE CONSTRUCTIVE RESULTS FROM THAT CONVENTION.
SULLIVAN

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